

# A study of customer service at morrisons



The aim of the research project is how Morrisons create advantage through the customer service. Analysis and evaluate the company by use business models also applications. High standard service will increase customer satisfaction, and meet their expectation.

### **Objectives:**

This project provides advice and an opinion on mechanisms to enhance customer service in Morrisons. The purpose of work is to analyse strategy and by using lean production system to explain how Morrisons works efficiently and benefits customers also improve performance. Porter's five forces will help the retailer compete with other large supermarkets, such as Tesco, Sainsbury's, ASDA and Waitrose.

### **Methodology:**

The research project included a detailed review of literature and the result of customer service questionnaires.

### **Major strategies at Morrisons:**

Offer the high quality of customer service by best trained staff to attract more customers shopping in Morrisons. HOT service has introduced to colleagues in all stores. Motivate staff work as a team; support each other to achieve goals. The company benefitted low cost from its own farms and factories.

### **Morrisons' background**

Morrisons was found at Bradford, West Yorkshire in 1899, by William Morrisons, a retailer of butter and egg. Son of William, Ken Morrisons was awarded a Knighthood for food retailing services in the 2000. The firm

developed from market stalls to counter service, a small town shop centre was opened by the year of 1958. It was the first shop to offer self-service, also have prices on products in Bradford. (NGfL CYMRU, 2004). The first supermarket opened in 1961, named “ Victoria”, converted by a cinema selling meat, grocery and others, offered free charge car park. 1967, Morrisons became a public company, over 80, 000 investors tried to buy shares. After takeover of Whelan Discount stores, Morrisons has developed in Lancashire for the first time. Wakefield 41 located near the M1 motorway was the first distribution centre of Morrisons, opened in 1988. Two years later, Wakefield 41 was expanded to storage chilled and fresh food. Cheshire’s Gadbrook Park became the frozen food depot of Wakefield 41 in late 1990’s. (Morrisons, 2012). The south of England in Erith (Greater London) store was opened in October 1998. After one year, Morrisons had been founded for a 100 year, celebrated the 100th supermarket started operating at Nelson. April 2001, Morrisons joined the financial Times Stock Exchange 100 for the first time after a successful 35 year sales records and increase revenue since the firm become public in 1967. March 2004, Morrisons takeover of Safeway, become the 4th largest retailer in the UK. To serve the enlarged group, Morrisons acquires and additional fresh produce pack house and distribution centre at Thrapston in Northamptonshire. (Morrisons). since then, Morrisons has reduced over 13, 000 prices down in Safeway. Sir Ken Morrisons retired after 55 years of service in 2008; The Retail Week Awards honoured him with an Outstanding Contribution to Retail. Morrisons today, over 470 stores throughout the UK, more than 300 stores have petrol station and customer cafes. 132, 000 staff served 11 million customers in Morrisons every week. The revenue was £16, 479

million in 2011. There are over 20, 000 different products in stores (Morrisons, 2012). Morrisons strategies are continuing growth, provide better quality, service, value, and offer fresh food. “ Fresh choice for you”, this is the TV advertising of Morrisons, to achieve this target, fresh food processed in its own manufacturing facilities and transported in temperature-controlled warehouses and production lines inside the UK and overseas. To saving costs, the company chooses local producers, also built own farms. Morrisons have more skilful bakers, butchers and fishmongers than other competitors. This project focus on Morrison’s customer service, how it is different with other major large supermarkets of the UK, encourages and motivates staff to improve company performance, expand the business.

**A SWOT analysis was completes. Please see appendix 1.**

### **The importance of customer service**

What is customer service? Why is it so important for a business? Customer service is the service offer to consumer before, during and purchase products or goods. (The Times 100) For example, a consumer bought a camera, the retailer charges the wrong price, or this consumer wants change the mind. He or she went to customer service request to refund. This is the service to dealing with consumer requests. Through the customer service to improve the level of customer satisfaction, high service meets the expectation of consumers. The result of bad customer service could receive more complaints and lost sales, consumers may not come back for shopping again, and they will choose different retailers. It is a long way to build long term relationship with consumers; the business has to offer good quality of service that benefits them. In addition, satisfied consumers would help

business growth. High standard customer service is hard to achieve, business need more endeavour to meet their needs. Morrisons' customer service has competitive advantages compared with other large retailers in the UK.

## **How Morrisons implements Customer Service strategy**

How can Morrisons be different with other large supermarkets in the UK?

Compared with Tesco, Sainsbury's, ASDA and Waitrose. Develop customer

service is Morrison's plan, a simple strategy. To provide the high standard

service, Morrisons have well trained staff who work in fresh food

departments, such as Oven fresh, pie shop, meat counter, fish bar and

delicatessen. Morrisons has spent long time on training staff to gain high

quality of customer service past 2 years. The result was satisfied as more

than 11 million customers shopping in Morrisons each week. To motivate

staff, Morrisons have a "buddy board" shows colleague's photos who have

done great customer service, these colleagues as models to encourage

others. There is also another board in staff room, colleagues can leave a note

on that board when they saw others who helped customers and met high

standard customer service.

Morrisons has invested in new IT facilities to continue improvement in 2011,

old computing system had been served for many years, and Morrisons

replaced all old checkout monitors. Customers has spent less time at tills,

new computing system works very efficient, save the time and easy to use

for colleagues. On the other hand, Morrisons bought new ovens for oven

fresh department; these new ovens help staff reduce the cooking time, also

convenience. These changes showed customers who shopping in Morrisons

<https://assignbuster.com/a-study-of-customer-service-at-morrisons/>

more satisfied with its focus on service, freshness, efficiency and new facilities, they feel valuable in Morrisons.

Kids Smart Range products offered for children, help them eat healthy food, without Artificial Flavours, Hydrogenated Fats and Artificial Colours. Every product strict controlled sugar, salt and fat. Parents can easily find Kids Smart food for their children in store, such as fruit, cans, fish, meat and other items. (Morrisons, 2012)

Customer service consists by 4 main factors: information, convenience, and the service after purchase, knowledge and skills. (The times100, 2011)

Information: customers can check information through the Morrisons' website, includes special offers, new products. Ask staff for information and details. Signs and direction given in store by different categories, customers can find products what they need easily. Brochures and leaflets available at each till include latest offers and information, even discount.

Convenience: at least 300 stores have petrol station and café shop in Morrisons, convenient for customers to fill their cars, also buy water and fast food. At Morrisons' car park, 5% parking areas devoted to blue badge holders with disabilities. Parents with toddler have special area for ease and parking.

Knowledge and Skills: in Morrisons, best trained specialists must give accurate suggestion to customers, especially fishmongers and butchers who suggest different fish or meat for cook it correctly.

The service after purchase: this service includes after shopping, such as refunds, guarantees, complaints from customers, package problem and

<https://assignbuster.com/a-study-of-customer-service-at-morrisons/>

change the products. Morrisons' experienced colleagues provide great service to meet customer satisfaction.

## **Morrisons' 'HOT' service**

'HOT' means 'Hello, Offer, Thank you'. Every colleague participates in this service at all stores. The purpose of 'HOT' is build closer relationship between colleagues and customers, to achieve higher quality of customer service in communication. Chat with customers to help them feel that they are important for us, like a member of family. Encourage staff engage with customers by deliver great service, compete with other major supermarkets take a lead.

HOT offers a warm, natural and friendly service for customers. In 2011, Morrisons has achieved a 21% raise the degree to customers would recommend Morrisons to others, the praise rate went up by 56%. (Morrisons' Annual report, 2011)

## **Application of Lean production in Morrisons to enhance service**

Lean production originally developed from Japan and increase efficiency, include 4 key elements, just in time production, time based management, total quality management (TQM) and continuous improvement (kaizen). Lean production aim is reduce waste by use less materials, worker, time and space. (The Economist, 2009) Morrisons applied lean production to keep the costs down, also benefit customers.

Just in time (JIT) is a production strategy that strives to improve a business return on investment by reducing in process inventory and associated

<https://assignbuster.com/a-study-of-customer-service-at-morrisons/>

carrying costs. (Aldi case study, 2011) Just in time was created by Toyota, the method also called Toyota Production System. Morrisons uses just in time production to keep sufficient stocks, avoid waste, by hold less stock to increase working capital. To provide freshness experience for customers, Morrisons established its own farms and factories; shrink the delivery time offer them the freshest food and great taste. In recent years, new IT facilities have invested in all stores, self service checkouts towards work efficiency. The benefit to the customer is less waiting time at till, simplified instruction convenient to each user. One staff can operate 6 or 8 self checkouts; help business reduce the costs of labours.

The aim of time based management is decrease the time waste of business. Since May of 2011, fresh counters closed early from 10pm to 8: 30pm for reduce labour costs, this decision involved in pie shop, delicatessen, meat counter and fish monger. To meet customer expectation, Morrisons has extended the opening time from 10pm to 11pm to benefit consumers who shopping late, also help company to make more profit.

Total quality management is a popular “ quality management” concept. It is not just focus on assuring product or service quality. There is a phrase often connected with TQM, “ doing the right things right, first time”. Quality involves everyone; it is an important business strategy. Morrisons seeks to leverage strongly with customer communications and remain it as core. In 2010, the firm became the first retailer to move to 100% free range eggs. Committed to quality, from field to fork. Build strong relationship with suppliers, buy food directly from them, Morrisons can control the quality and keep the price down, bring fresh food faster on shelves. In its own processing



plants, every stage of the production process has been checking to ensure the high quality. To concern customer's health and food freshness, fresh food such as bread, pies, chickens and pork must be reduced clear by the end of the same day; shoppers receive the valuable products, even less than half price.

## **Motivation and investing in people**

People are assets of business, through the training programme and develop their skills to create better shopping experience for customers. Morrisons has long term partnerships plan by supporting people to gain qualifications and learning new skills which will benefit them for whole life. In Salford store, more than 70% colleagues who from poor backgrounds have a change to progress their careers.

A series of new programmes have created to support all different levels, such as apprenticeship, leadership and young people. In 2010, 48, 000 colleagues gained the QCF (NVQ) level 2 Retail Skills qualification to help them improve understanding of serving customers skills. The Morrisons' Academy associate with several academic institutions, such as Bradford Business School and Bradford School of Management, who offer degree course and management training, the partnership helps colleagues from school leaver and graduate to senior roles. (Annual report, 2011). 70% managers from internal recruiting lead to efficiency. Morrisons training interventions are valuable, build on the unique culture for grow sales.

People development based on three elements, communication, training and coaching. Communicate with colleagues improve their awareness of benefits

and changes. Encourage and motivate staff to deliver high standard of customer service quality by training them. Coaching means support and guidance colleagues cooperate with Leeds Metropolitan University and Leeds Carnegie to help deliver improved service to customers.

One team concept, work together as one to deliver the best service; help each other share a common target. Rewards profit sharing and discounts for colleagues who have been working many years. By the year end of every March, every one receives bonus to celebrate success of the business.

(Morrisons, 2009)

### **Maslow's hierarchy needs analysis**

By applying Maslow's hierarchy needs to identify consumers satisfaction, these theories will analysis the needs of customer in Morrisons.

Physiological needs: these are important needs for sustaining the human life. Food, water, medicine are the basic physiological needs. These needs have to meet customers' satisfaction from Morrisons.

Safety needs: these are the needs to be free of physical danger and psychological safety concern for customers. As a provider, Morrisons offers high standards products on its shelves, including organic food, nutritional and fresh foods. For example, fresh food such as chickens and pies use by one day only. In Morrisons own farms and factories, the quality control checked by every process. (Anon, 2006)

Social needs: by offer HOT service, help customers feel they are fit into Morrison's family, they need to love and to be loved. The firm awareness of

this need and always providing a pleasurable shopping experience for consumers.

Esteem needs: according to Maslow, once people begin to satisfy their need to belong, they tend to want to be held in esteem both by themselves and others. This relate to personal dignity, confidence. Customers want feel they are very important for supermarkets, the retail must be regard them superiorly. (Anon, 2006)

### **Porter's five forces analysis**

The five forces model was developed in 1979 by Michael Eugene porter; he is a strategist and professor at the Harvard Business School. These forces are based on Rivalry, Supplier power, Substitution, Buyer power, and Threat of new entry (Harvard Business School, 2008). By applying porter's five forces to conduct a situation reviews to advice W Morrisons Plc., analyse the current marketing environment for the company; identify and analyse forces that affect an industry.

Rivalry: the UK's retail market is oligopoly; this industry has high competition, " big 4" have already occupied most markets across the country, including Tesco, ASDA (America owner Wal-Mart), Sainsbury's and Morrisons. Tesco is market leader, which has 30. 7% market share, followed by ASDA with 17. 6%, Morrisons at the 4th position with 11. 9% market share (The Guardian, 2012). Tesco and ASDA have almost 50% market due to their sizes; both of them are international companies who have business worldwide. The threat of rivalries extremely high.

Threat of New Entry: global competitors have penetrated into the UK retail market, ASDA owned by Americans, French retailers. German giant Lidl has opened many stores in UK cities. However, Lidl only shared 2% market; the threat is low at the moment. On the other hand, there are also internal competitions, cooperative plans expand their business by open more shops to gain market share, Waitrose do so. The threats of new entrancers are high for Morrisons.

Buyer power: customers will compare the prices with other big supermarkets, Morrisons has price strategy to keep the price down and satisfy customers, hundreds of products offered great deals, such as special offer, buy one get one free, half price and reduce to clear. Its own brand products much cheaper than others, for instance, one bottle of coca cola is £1. 98, but Morrisons' coca just 50 pence, the competitive price will reduce the power of buyers, HOT service also help to satisfy consumers. To attract new customers who come from different countries, most stores have 'world foods' section include Kosher, polish, Caribbean, halal and Indian goods. The firm had increased Asian World Food such as oils and rice, even special items like whole mung beans and mango pulp. In this case, buyer power is low.

Substitution: nowadays, individual and franchised groceries could be challengers, such as londis, budgens, it is convenience for buyers. The company's own brand goods to be able to substitute other brands of products, some of them have low quality. For example, Morrisons has replaced pork sausage rolls from its own built factories, the taste is not

satisfied, also shrink the size, and remaining the same price. Substitute level is low to medium.

Supplier power: Morrisons have own manufacturing factories and farms, which can help reduce the power of suppliers. By build great relationship with suppliers to ensure the costs lower. However, this threat is very low.

## **Literature Review**

This review of the literature on the company's annual reports (2011), analyses and the information relate to market share and share prices are the main indicators of company's success or failure. Through the high quality of customer service to build up competitive advantage, grow the profits and attract more customers.

Group turnover was £16. 5 billion, 1. 1 billion higher than last year. Profit before tax was £874 million, compared with 2010 £858 million. Underlying profit before tax went up 13% to £869 million. Statutory basic earnings per share were 23. 9p, 5% higher than previous year. In 2011, total dividend per share reached to 9. 6p, increased in 17%, making dividend cover 2. 4 times. Morrison's delivered a strong performance in 2011. By continuing focus on quality fresh foods at great value made Morrisons a natural destination. In 2010, average customers numbers shopping in Morrisons were 10. 5 million, the number increased 500, 000 in the following year. (Morrisons' annual report and financial statements 2011)

## **Methods**

By using quantitative research methodology aims to review the customer service in Morrisons. Design questionnaires to collet feedback from

<https://assignbuster.com/a-study-of-customer-service-at-morrisons/>

customers, the survey will be carried out in one of Morrisons' store. What is the buyers opinion? How satisfied are they? Evaluate the quality of service; has company's service reached customers expectation?

This was random survey, 14 questions designed in total. The table represents service quality of staff, including ability, knowledge, helpful, friendly and polite. The survey took place in Morrisons of Acton High street 302, London. As a result, 11 customers responded my questionnaires. The table shows feedback below:

### **Research limitation**

Due to time limited, it cannot interview more people, the data may inaccurate and unreliable, because of low quantity of samples. Furthermore, print questionnaire expensive if require large size of surveys. Many people refused to fill the form, targets were unwilling to answer the questions.

### **Conclusion**

Morrisons' strategy based on provide high quality of customer service, good feedback from customers will motivate colleagues turn to positive side, encourage them deliver even better service. Buddy board shows staff photos who have done great service to inspire the others achieve the same target. People development successfully helped staff to improve their skills and performance to achieve consumer's satisfaction. By offer HOT service to help buyers feel part of the family.

The firm chose fresh foods as aim to be the best retailer, this unique strategy take advantage on its competitors, became the leading supermarket who produced the freshest products in the UK. Morrisons own controlled

<https://assignbuster.com/a-study-of-customer-service-at-morrisons/>

distribution centres and farms provided high standard products to give buyers the best experience. New IT facilities reduced every one's waiting time, lead to efficiency.

Due to finance crisis, the retailer has decided do not recruit staff for save the cost, the impact of this decision, more complaints received from customers about inefficient service, spend long time in the queue. The company has not done adequate effort for non-food products, the offer is limited. For example, there is no laptop, DVD player, TV and cloth. Consumers will choice other alternative supermarkets instead Morrisons. Local convenience store just beginning, rival companies have occupied most High Streets and strongly challenged Morrisons. Design new online shopping website will help the retailer makes more profit and meet customers' expectation.

## **Appendix 1**

### **Evaluate Morrisons by SWOT analysis**

Strengths: Morrisons is very different with other supermarkets in the UK, because of fresh food. It has own fresh produce distribution centres with fast delivery. Focus on customer service is other strength, the visiting numbers has been steady increased compared with past 4 years. Many buyers chose Morrisons regard to their price strategy, by offer cheaper prices than any others.

Weakness: as the 4th biggest supermarket, it does not provide online shopping system, other large retailers have already benefited from their online websites, and this is also convenience for consumers. All Morrisons' branches built on large size or super stores, in addition, many stores located

in remote areas. It is difficult for buyer's to access them. Due to long distance, they may chose local small shops instead to go to big supermarkets. Tesco has around 3000 stores in the UK; over half of them are Tesco express. As a result, Tesco has increased in market share to 30%, became the number one retailer of nationwide. Sainsbury's locals are taking advantage either (Anon)

Morrisons lacks of non-food products, such as electronics, clothes. By contrast, ASDA and Tesco have already successful in these areas.

Opportunities: Morrisons has to focus on non-food products, the offer is limited. At the moment, home & leisure and health & beauty are still key business. This is the great opportunity to develop electronics and clothes, it will help the company to expand the business, give customers more choices.

The first Morrisons local convenience store was opened in Ilkley, Yorkshire in 2011. It was the first time to trial local format, also compete with rivals. The M local strong focus on fresh food and competitive price, it will be 4-11% cheaper than other local shops such as Tesco express and Sainsbury's local (Morrisons, 2012). The new strategy will build smaller local stores to gain more market share.

Morrisons has behind other large retailers for online shopping system, it is the time to design new website, and expect to grow profit in the next a few years.



Threats: the retailer has very slow reaction to improve its business, include online service, non-food products, and local shops. Rival supermarkets benefited from these areas, Morrisons still not even start yet.

The company must compete with two giants of the world, Tesco and ASDA. Morrisons does not have globe business, only in the UK market. ASDA plans to open smaller stores and threat key territories of Morrisons.

## **Appendix 2 (Interpretation)**

Most respondents chose Excellent and Good, but question 2, 5 did not meet customer's expectation, the rate less than 50%. In total, 7 Questions – 11 People (each question) = 77 People. 12 people chose Excellent, 38 for Good, 21 for Average and Fair received 6. Customer satisfaction =  $(\text{Excellent} + \text{Good}) \div \text{total} = (12 + 38) \div 77 = 65\%$ .

The rest 7 questions relate to Morrisons, most respondents live nearby, only 10 to 15 minutes by walking or bus to arrive the supermarket. The products prices are valuable for money, but consumers still shopping in other local shops, such as Tesco, ADSA and Sainsbury's. 10 of interviews would recommend Morrisons to their friends, 1 person is unsure. However, there are some negative sides for the company, respondents suggested that recruit more staff for counter departments, people who work in delicatessen and oven fresh always have heavy work to do, and buyers were queuing for quite long time. On the other hand, colleague should improve the knowledge for products. Some staff cannot deal with shopper's request; they do not know where the certain product is either.

Overall, the company's customer service level is medium; it could be achieve higher score in the future to meet consumer's expectation. Morrison's reputation is excellent; over 90% interviews would recommend their friends to shop here. They do have alternative choices, which go to rival supermarkets.